

IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE FOR THE TWENTIETH  
JUDICIAL DISTRICT AT NASHVILLE

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STATE OF TENNESSEE,  
Petitioner,

v.

TIME INC., ENTERTAINMENT WEEKLY INC.,  
TIME PUBLISHING VENTURES, INC., TIME INC.  
HOME ENTERTAINMENT, TIME LIFE INC., and  
TIME CONSUMER MARKETING, INC.,  
wholly owned subsidiaries of TIME INC.

Respondent.

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**AGREED ORDER**

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This cause came to be heard on the State of Tennessee's Petition and the parties' Assurance of Voluntary Compliance, and the Court is of the opinion that said Assurance of Voluntary Compliance should be approved. It is therefore

ORDERED, ADJUDGED, and DECREED that the Assurance of Voluntary Compliance annexed hereto as Exhibit A and incorporated herein by reference, and hereby made a part of this Order be, and the same hereby is approved, and it is further

ORDERED, ADJUDGED, and DECREED that, as set forth in Tenn. Code Ann. § 47-18-107(c), unless this Assurance has been rescinded by agreement of the parties or voided by a court for good cause, subsequent failure to comply with the terms of this Assurance is *prima facie* evidence of a violation of the Tennessee Consumer Protection Act.

IT IS FURTHER ORDERED, ADJUDGED, and DECREED as follows:

(A) Jurisdiction of this Court over the subject matter herein and over the person of the Respondents for the purposes of entering into and enforcing this Agreed Order and the Assurance is admitted. Jurisdiction is retained by this Court for the purpose of enabling the State to apply such further orders and directions as may be necessary or appropriate for the construction, modification or execution of the Assurance that is approved by this Agreed Order, including enforcement of compliance therewith and assessment of penalties for violation(s) thereof. Pursuant to Tenn. Code Ann. § 47-18-107, venue as to all matters between the parties relating hereto or arising out of this Agreed Order and Assurance is solely in the Chancery Court of Davidson County, Tennessee.

(B) In accordance with, and pursuant to, Paragraph II. C. 2 of the Assurance, Respondents shall provide to the Attorney General a certified check made payable to the State of Tennessee in the amount of Seventy Five Thousand and 00/100 dollars (\$75,000). This payment to the State of Tennessee, representing attorneys' fees and costs of investigation, prosecution and monitoring for compliance of this matter (as set forth in Paragraph II. C. 2. of the Assurance), shall be used for the purposes set forth as follows:

(1) The sum of Thirty Seven Thousand and 00/100 Dollars (\$37,000) may be used for consumer protection purposes at the sole discretion of the Attorney General.

(2) The sum of Thirty Seven Thousand and 00/100 Dollars (\$37,000) shall be transferred to the General Fund of the State of Tennessee.

(3) The sum of One Thousand and 00/100 Dollars (\$ 1,000) shall be used to fund a consumer education project selected at the sole discretion of the Director of the Division of Consumer Affairs.

(C) As set out in Paragraph II. C.1. of the Assurance, which provides for customer repayments, any third party administrator shall comply with the following:

In the event the third party administrator is unable to locate Tennessee consumers entitled to restitution under the Assurance, those funds due such consumers shall be treated as unclaimed property in the possession of the State of Tennessee pursuant to the Uniform Disposition of Unclaimed Property Act, Tenn. Code Ann. § 66-29-101, et seq. These funds may be delivered to the Treasurer prior to the statutory due date. The third party administrator shall provide a report to the Attorney General and Reporter which details the amounts delivered to the Treasurer for treatment as unclaimed property under the State statute. The third party administrator shall provide all information necessary to the State Treasurer's office to appropriately handle such funds as unclaimed property as set forth by statute and regulation.

(D) Respondents hereby waive any and all rights which they may have to be heard in connection with

judicial proceedings for the court approval of the Petition, Assurance and Agreed Order.

(E) While the State alleges violations of the Tennessee Consumer Protection Act, Respondents specifically deny any wrongdoing or violations of Tennessee law.

(F) This Agreed Order and the Assurance shall only be enforceable by the parties to this action. Respondents, by signing the Assurance, are indicating its agreement to the terms of this Agreed Order.

(G) This Agreed Order hereby incorporates and adopts the Implementation Date, as defined by the Assurance.

(H) The terms of this Assurance and Agreed Order shall include the following as provided for in Tennessee law:

(1) Pursuant to Tenn. Code Ann. § 47-18-107(e), the Assurance that is approved by this Agreed Order shall in no way affect individual rights of action which may exist independent of any recovery of money or property received pursuant to the attached Assurance.

(2) Pursuant to Tenn. Code Ann. § 47-18-107(f), any knowing violation of the terms of a court approved Assurance of Voluntary Compliance, unless it is rescinded by agreement of the parties or voided by a court for good cause, shall be punishable by civil penalties of not more than One Thousand Dollars (\$1,000.00) recoverable by the state for each violation, in addition to any other appropriate sanctions (which the State contends includes but is not limited to the recovery of reasonable costs and expenses of investigation and prosecution of actions under the Tennessee Consumer Protection Act, including attorneys' fees, such as set forth in Tenn. Code Ann. § 47-18-108(b)(4)).

(I) Nothing in this Assurance shall be deemed to waive Respondents' requirement of complying with applicable state laws, specifically the Tennessee Consumer Protection Act (including but not limited to Tenn. Code Ann. §§ 47-18-120 and 47-18-124, if and when applicable). Respondents represent it is their intent to comply with all applicable state laws.

(J) If the Attorney General determines that Respondents have knowingly failed to comply with the terms of this Assurance and if in the Attorney General's sole discretion the knowing failure to comply does not threaten the health or safety of the citizens of the State of Tennessee, the Attorney General shall notify Respondents of such failure to comply before filing any motion or pleading to enforce the Assurance. Respondents shall then have fourteen (14) business days from receipt of such notice to provide a good faith written response to the Attorney General's determination. The response shall include at a minimum:

(1) a statement that Respondents are in full compliance with the Assurance;

(2) a detailed explanation of how the alleged violation(s) occurred;

(3) a statement that the alleged breach has been cured; or

(4) a statement that the alleged breach cannot be reasonably cured within 10 days from receipt of notice, but (i) Respondents have begun to take corrective action to cure the breach; (ii) Respondents are pursuing such corrective action with due and reasonable diligence; and (iii) Respondents have provided to the Attorney General a reasonable timetable for curing the breach.

Upon Respondents' request, a representative of the Attorney General will meet with Respondents or their representatives, at the Office of the Attorney General, within the fourteen (14) business day period in an attempt to resolve the alleged failure to comply. The giving of this notice shall not prevent the Attorney General from beginning any such proceeding following the expiration of the fourteen (14) day period. Nothing herein shall be construed to exonerate any contempt of or failure to comply with any provision of the Assurance after the date of its entry, to compromise the authority of the Attorney General to initiate a proceeding for any contempt, or to compromise the authority of the court to punish as a contempt any violation of the Assurance. Further, except as otherwise stated in this paragraph, nothing in this subsection shall be construed to limit the authority of the Attorney General to protect the interests of the State of the people of the State of Tennessee.

(K) To the extent paragraph (J) above is inconsistent with paragraph II. D. 4. of the Assurance, paragraph (J) herein supersedes paragraph II. D. 4. of the Assurance.

(L) In the event that an action to enforce the Assurance and this Agreed Order is brought by the State, the Respondents reserve the right to contest the validity of Tenn. Code Ann. §§ 47-18-120 and 47-18-124 and the applicability of Tenn. Code Ann. § 47-18-108(b)(4). Nothing in this Order shall authorize the State of Tennessee to obtain sanctions for violation of this Order and/or the Assurance beyond the remedies allowed by Tenn. Code Ann. § 47-18-107 or otherwise allowed under Tennessee law pursuant to the Tennessee Consumer Protection Act. (M) All costs associated with the filing and distribution of this Agreed Order, Assurance and Petition and any other incidental costs or expenses incurred thereby shall be borne by Respondents. No costs shall be taxed against the State as provided by Tenn. Code Ann. § 47-18-116. Costs shall be taxed to Respondents.

IT IS SO ORDERED.